

Message Text

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PAGE 01 MBABAN 01067 272057Z

65

ACTION EB-07

INFO OCT-01 AF-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 H-02 L-03 /059 W

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FM AMEMBASSY MBABANE

TO SECSTATE WASHDC 8181

INFO AMEMBASSY PRETORIA

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E.O. 11652: N/A

TAGS: ETRD, EAGR, WZ

SUBJECT: INFORMATION FOR HOUSE OF REPRESENTATIVES

SUGAR HEARINGS -- SWAZILAND

REF: STATE 141876

FOLLOWING IS INFO REQUESTED ON SUGAR IN SWAZILAND, KEYED
TO QUESTIONS A-H, PARA 2, REFTEL.

A. APPROXIMATELY 8 CENTS PER POUND.

B. ABOUT 13 CENTS PER POUND, DEPENDING ON LOCATION.

C. AVERAGE IN ALL MAKRETS WAS ABOUT 20 CENTS PER POUND.

D. RAW SUGAR PRODUCTION BY EXISTING INDUSTRY IS LIKELY
TO BE ABOUT 200,000 METRIC TONS IN 1975 AND WILL LEVEL
OFF AT ABOUT 220,000 MT IN 1977. IF THIRD SUGAR AREA IS
STARTED THIS YEAR, IT SHOULD BEGIN PRODUCING IN 1978 AND
INCREASE SWAZILAND'S TOTAL RAW SUGAR PRODUCTION TO ABOUT
320,000 MT BY 1980.

E. TATE & LYLE (U.K.) HAS JUST PRESENTED GOS WITH REPORT

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PAGE 02 MBABAN 01067 272057Z

RECOMMENDING THAT WORK BEGIN IMMEDIATELY ON A THIRD SUGAR AREA,

TO INCLUDE AN IRRIGATION DAM AND A THIRD SUGAR MILL. THE NEW MILL WOULD HAVE A CAPACITY OF 100,000 MT PER ANNUM.

F. DOMESTIC GROWTH RATE OF CONSUPTION IN 1975 WAS ABOUT 20 PERCENT OVER 1974 BECAUSE OF SPECIAL FACTORS; DOMESTIC GROWTH RATE FOR THE REMAINDER OF THIS DECADE IS LIKELY TO BE ABOUT 10 PERCENT PER ANNUM.

G. SWAZILAND HAS AGREED TO SELL EEC 116,400 MT OF RAW SUGAR PER YEAR FOR AN INDEFINITE PERIOD. PRICE TO BE NEOGTIATED ANNUALLY WITH A GUARANTEED MINIMUM NEAR EEC INTERVENTION PRICE. INDUSTRY WOULD WELCOME SIMILAR LONG-TERM AGREEMENTS WITH U.S. AND CANADA.

H. GOS DOES NOT INTERVENE IN PRODUCTION, DOMESTIC MARKETING OR PRICING OF SUGAR. HOWEVER, GOS DOES AFFECT INDUSTRY PROFITS BY IMPOSING A 50 PERCENT TAX ON INCOME FROM EXPORT SALES ABOVE A BASE FIGURE (CURRENTLY \$132, ABOUT \$195 PER MT). GOS ALSO NEOGTIATED AGREEMENT WITH EEC DESCRIBED ABOVE, WITH ADVICE AND CONCURRENCE OF PRIVATE SUGAR INDUSTRY.
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